

## **CANCELLATION AND REFUND POLICY**

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Updated September 2010

All cancellations and refunds are made according to Internal Revenue Code Section 529, Washington State law (RCW 28B.95.110) and GET Program policies. Please review the GET Master Agreement for more details. In general, you can request a refund after your account has been open for a minimum of two years, with some exceptions.

### **When can I request a refund?**

Generally, your units must be held *for a minimum of two calendar years* from the date the units were purchased (date payment received). If your Custom Monthly Plan is not paid in full, it will be cancelled. Any payments received will be applied to Lump Sum unit purchases.

#### **Circumstances Requiring a Two-year Waiting Period**

- **Scholarship:** If your student receives a scholarship, you can use your GET account for other qualified higher education expenses, transfer the units to another family member, or request a refund equal to the value of the scholarship (up to 125 units per year). Refunds for scholarships must be requested during the academic year in which the scholarships are awarded.
- **Graduation or program completion:** If your student has remaining units in a GET account upon graduation, you can transfer those units to another family member or request a refund.
- **Non-attendance:** If your student decides not to attend college, you can transfer units to another family member, hold the units in the account for up to 10 years, or request a refund.

#### **Exceptions to the Two-year Waiting Period**

- **Death or disability of the student:** If your student dies or becomes disabled, you can transfer units to another family member or request a refund.
- **Financial hardship:** If you lose your job or declare bankruptcy, for example, you can request a refund.
- **Cancellation within six months:** If you cancel your account within six months after the Program receives the initial payment, you can request a refund.
- **Account contributions of less than \$500:** If you have contributed less than \$500 to your account, you can request a refund.

### **How do I request a refund?**

Only the account owner may request a refund. Please send an original, notarized Refund/Cancellation Request form and supporting documentation (if required) to: GET Program, P.O. Box 43450, Olympia, WA 98504-3450. We do not accept faxes.

### **How many units will you refund?**

All eligible units will be refunded and the account will be closed. We do not allow partial refunds. Special limitations apply to refunds for Scholarships and Non-Attendance. Review our Cancellation and Refund Summary for details.

### **How do you determine the value of my refund?**

Refunds are made at the current GET unit payout value, minus Program fees and penalties unless otherwise specified. See the Cancellation and Refund Summary for more details. Call us for the payout value in effect at the time of your request. The unit payout value is established every year on August 1. The \$50 enrollment fee is non-refundable unless the account is cancelled within three business days after receipt of your completed enrollment. All outstanding fees will be deducted from the refund amount.

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**Send to:** Guaranteed Education Tuition, P.O. Box 43450, Olympia, WA 98504-3450

**Questions:** GETInfo@hecb.wa.gov or 1-800-955-2318

## **CANCELLATION AND REFUND POLICY – continued**

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### **What are the fees and penalties?**

Generally, we assess the following fees and penalties for non-qualified withdrawals (withdrawals not used for qualified higher education expenses). Review our Cancellation and Refund Summary for more details.

- **Program penalty** – A penalty of 10 percent of the increased value of the units at the time of the refund or \$100, whichever is greater.
- **Program fees** – An account cancellation fee of \$10 *and* an account maintenance fee of \$1.70 for each month the account was open.

### **What are the tax consequences if I receive a refund?**

The IRS assesses a 10 percent penalty tax for non-qualified withdrawals (withdrawals not used for qualified higher education expenses). In addition, the earnings portion of all refunds may be taxed as ordinary income. Review our Cancellation and Refund Summary for details. We will mail you a 1099-Q in January following the year of distribution. Please consult a tax advisor before requesting a refund to determine any federal income tax ramifications.

### **How long will it take for me to receive my refund?**

Once approved, the refund check will be mailed to you within three to six weeks, or as outlined in state law and this policy.

### **Can I request that the refund be paid to the student beneficiary?**

Refund checks are made payable to the account owner unless you check the box on the Refund/Cancellation Request form for it to be payable to the student beneficiary.

### **What if you don't approve my request?**

If we deny your refund request, you may send a letter to the GET Director within 10 days after notification, asking for reconsideration. If the GET Director denies the request, you may send a letter to the GET Committee Chair within 10 days after notification, asking for reconsideration. The GET Committee Chair will conduct a brief adjudicative proceeding on the merits of the request and make a final decision.

## Cancellation and Refund Summary

Type of Cancellation and Refund	Refund Value	Program Penalty	Program Fee	IRS Tax/Penalty *	Documentation Required**/Comments
<b>Cancellations</b>					
Notification within 3 business days	All contributions returned, including \$50 enrollment fee	N/A	N/A	N/A	
Account cancelled within 6 months	All contributions returned, less \$50 enrollment fee and any other outstanding fees	N/A	N/A	N/A	
Account value less than \$500	All contributions returned, less \$50 enrollment fee and any other outstanding fees	N/A	N/A	N/A	
<b>Qualified Refunds</b>					
Death or Disability of the Student Beneficiary	Current GET unit payout value	N/A	N/A	Earnings portion taxed as ordinary income, no penalty	<ul style="list-style-type: none"> <li>Death of the student beneficiary: A copy of the student beneficiary's death certificate.</li> <li>Disability of the student beneficiary: Documentation from a medical professional stating that the student beneficiary's disability prevents the student beneficiary from attending any institution of higher education.</li> </ul>
Scholarship (Includes appointment in a United States military academy)	Current GET unit payout value	N/A	N/A	Earnings portion taxed as ordinary income, no penalty	<ul style="list-style-type: none"> <li>Documentation of the scholarship-awarding entity, the scholarship amount and the applicable academic term.</li> <li>Account owner must re-submit request for scholarship refunds for subsequent years.</li> <li>Up to 125 units per academic year. Cannot exceed the scholarship amount or amount of eligible units available for that year.</li> <li>Refunds for scholarships must be requested during the academic year in which the scholarships are awarded.</li> </ul>
Graduation or Program Completion	Current GET unit payout value	N/A	N/A	Earnings portion taxed as ordinary income and subject to 10% penalty tax.	<ul style="list-style-type: none"> <li>Documentation showing the student beneficiary has graduated or completed a degree or certificate program.</li> </ul>
Bankruptcy	Current GET unit payout value	N/A	N/A	Earnings portion taxed as ordinary income and subject to 10% penalty tax.	<ul style="list-style-type: none"> <li>Letter from bankruptcy trustee with instructions for distribution.</li> <li>Copy of bankruptcy filing documents.</li> <li>Refund check will be payable per court documents.</li> </ul>
<b>Non-qualified Refunds</b>					
Non-attendance (If student doesn't attend college)	Current GET unit payout value	\$100 or 10% of the account earnings, whichever is greater	\$1.70 per month while the account was active and \$10 cancellation fee	Earnings portion taxed as ordinary income and subject to 10% penalty tax.	<ul style="list-style-type: none"> <li>Account owner must complete a new Refund/Cancellation Request form for subsequent years.</li> <li>Up to 125 units per academic year. Cannot exceed the amount of the eligible units available for that year.</li> <li>Refunds will be made no sooner than 90 days after receipt of the request.</li> </ul>
Meets Two-Year Waiting Period Requirement	Current GET unit payout value	\$100 or 10% of the account earnings, whichever is greater	\$1.70 per month while the account was active and \$10 cancellation fee	Earnings portion taxed as ordinary income and subject to 10% penalty tax.	<ul style="list-style-type: none"> <li>Units must be held for a minimum of two calendar years. Any units less than two calendar years will not be refunded until they meet the two-year waiting period requirement.</li> <li>The account owner must complete a new Refund/Cancellation Request form for each refund.</li> </ul>
Financial Hardship	Current GET unit payout value	\$100 or 10% of the account earnings, whichever is greater	\$1.70 per month while the account was active and \$10 cancellation fee	Earnings portion taxed as ordinary income and subject to 10% penalty tax.	<ul style="list-style-type: none"> <li>Documentation of financial hardship, such as job loss or reduction, eviction or disconnection of utilities.</li> </ul>

\*Contact a tax advisor for further details.

\*\*You must send a Refund/Cancellation Request form and any other documentation required.

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